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March 20, 2003

Ms. Marlene H. Dortch
Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Administrative Fees Under the Commission's Universal Service
Contribution Methodology, CC Docket Nos. 96-45, 98-171, 90-571, 92-
237, 99-200, 95-116, 98-170.

Dear Ms. Dortch:

The Ad Hoc Telecommunications Users Committee ("Ad Hoc"), through undersigned counsel, submits this *ex parte* letter and subsequent attachment. Pursuant to Section 1.1206(b) of the Commission's Rules, 47 C.F.R. § 1.1206(b), copies of this presentation have been filed electronically with the Office of the Secretary.

AT&T has advised VTNS customers that it intends to impose an administrative charge of 0.74% on such customers' interstate and international charges. A copy of AT&T's proposed revisions to the relevant portion of its Service Guide is attached hereto. For the reasons set forth in Ad Hoc's Petition for Limited Reconsideration and in Ad Hoc's March 13, 2003 Reply Comments in the above-referenced proceedings, AT&T's administrative charge is well above the level that should be considered presumptively reasonable.

Sincerely,



James S. Blaszak

Counsel for
Ad Hoc Telecommunications Users Committee

Attachment

cc: Diane Law Hsu
Paul Garnett

Attachment

AT&T Business Service Guide



Effective: 04/01/03 Version: 8

Virtual Telecommunications Network Service (VTNS):

Application of Charges

Universal Connectivity Charge

The Universal Connectivity Charge is applicable for customers on the VTNS Month-to-Month Plan or where a VTNS Term Plan Contract permits charges or rate increases associated with the Universal Service Fund.

The Universal Connectivity Charge will be applied as a percentage against the Customer's total net interstate and international charges, after application of all applicable discounts and credits. With respect to charges billed on or after April 1, 2003 the Universal Connectivity Charge percentage will be equal to (subject to rounding) the quarterly Universal Service Fund contribution factor established by the Federal Communications Commission (FCC) and in effect for that bill period. The applicable quarterly contribution factor can be found at http://www.fcc.gov/wcb/universal_service/quarter.html. The FCC specifies, on a quarterly basis, what the Universal Service Fund contribution factor will be and the FCC may change the factor on less than 14 days notice.

This change is required by the FCC in a December 13, 2002 decision. In that decision the FCC allows a carrier to recover its Universal Service Fund assessment payments directly from its customers in a separate line item at a rate which does not exceed the applicable USF contribution factor paid by the carrier.

The Connectivity Charge is not used in the calculation of any minimum requirements or in the calculation of any threshold amounts used to determine discounts or credits.

AT&T will waive the Universal Connectivity Charge with respect to specifically identified AT&T charges to the extent that the Customer demonstrates to AT&T's reasonable satisfaction that:

- the Customer either, (a) has filed a Universal Service Worksheet with the Universal Service Administrator covering the period twelve months prior to the billing month (i.e., to be eligible for a waiver in February 1998, the Customer must have filed a Universal Service Worksheet with the Universal Service Administrator covering February 1997) or (b) was not required to file a Universal Service Worksheet covering such period, either because it was not then providing telecommunications services or because it was then subject to the de minimus exception to the filing requirement.

- 1 the charges with respect to which the waiver is sought are for services purchased by Customer for resale; and
- 2 the Customer either (a) will file a Universal Service Worksheet with the Universal Service Administrator in which the reported billed revenues will include all billed revenues associated with the Customer's resale of services purchased from AT&T for the period during which the waiver is sought or (b) will not be required to file a Universal Service Worksheet covering such period, because it will be subject to the de minimis exception to the filing requirement.

The Universal Connectivity Charge will not be waived with respect to

charges for services purchased by Customer for its own use as an end user; or

- 3 charges for which the bill date is on, prior to, or within thirty days after, the date on which the Customer applies for a waiver with respect to those charges; or
- 4 charges for services resold by the Customer, if the Customer is not subject to direct universal service contribution requirements.

Administrative Expense Fee:

The Administrative Expense Fee is applicable for customers on the VTNS Month-to-Month Plan or where a VTNS Term Plan Contract permits charges or rate increases associated with the Universal Service Fund.

- 5 The Administrative Expense Fee will be applied as a percentage against the Customer's total net interstate and international charges, after application of all applicable discounts and credits. Services provided pursuant to this Service Guide are subject to an undiscountable monthly Administrative Expense Fee. The Administrative Expense fee is 0.74% of the Customer's total net interstate and international charges, after application of all applicable discounts and credits with respect to charges billed on or after April 1, 2003.
- 6 The Administrative Expense Fee recovers a portion of AT&T's internal costs associated with the Federal Communications Commission's Universal Service Fund. Prior to April 1, 2003 these internal costs were recovered as part of AT&T's Universal Connectivity Charge ("UCC"). As a result of a Decision by the FCC on December 13, 2002, beginning on April 1, 2003 carriers who want to collect this type of expense as a line item charge must do so through a line item separate from that used for recovery of actual USF assessments.

The Administrative Expense Fee is not used in the calculation of any minimum requirements or in the calculation of any threshold amounts used to determine discounts or credits.

AT&T will waive the Administrative Expense Fee with respect to specifically identified AT&T charges to the extent that the Customer demonstrates to AT&T's reasonable satisfaction that:

- the Customer either, (a) has filed a Universal Service Worksheet with the Universal Service Administrator covering the period twelve months prior to the billing month (i.e., to be eligible for a waiver in February 1998, the Customer must have filed a Universal Service Worksheet with the Universal Service Administrator covering February 1997) or (b) was not required to file a Universal Service Worksheet covering such period, either because it was not then providing telecommunications services or because it was then subject to the de minimus exception to the filing requirement.
- 7 the charges with respect to which the waiver is sought are for services purchased by Customer for resale; and
- 8 the Customer either (a) will file a Universal Service Worksheet with the Universal Service Administrator in which the reported billed revenues will include all billed revenues associated with the Customer's resale of services purchased from AT&T for the period during which the waiver is sought or (b) will not be required to file a Universal Service Worksheet covering such period, because it will be subject to the de minimis exception to the filing requirement.

The Administrative Expense Fee will not be waived with respect to

- charges for services purchased by Customer for its own use as an end user; or
- 9 charges for which the bill date is on, prior to, or within thirty days after, the date on which the Customer applies for a waiver with respect to those charges; or
- 10 charges for services resold by the Customer, if the Customer is not subject to direct universal service contribution requirements.